

# **DIVISION OF ACCOUNTS AND REPORTS POLICY AND PROCEDURE MANUAL**

Revision Date 11/09/98

Date Issued 11/84

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Filing Number 9,101

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## **SUBJECT**

Check Cashing Change Fund (From Benefit Fund)

## **PURPOSE**

To specify procedures for check chasing change funds established from benefit funds.

## **AUTHORITATIVE REFERENCE**

K.S.A. 75-3728e

K.S.A. 75-3728f

In an opinion dated April 5, 1977, the Chief Attorney of the Department of Administration recommends that the Check Cashing Change Fund be funded out of the Benefit Fund.

## **GENERAL INFORMATION**

Check Cashing Change Funds are limited to a maximum of \$5,000.00.

Definitions:

*Canteen Fund* - the moneys and other assets used for operation of a canteen.  
K.S.A. 75-3728e(b).

*Benefit Fund* - the moneys and other assets available to provide property, services or entertainment for persons in a state institution. K.S.A. 75-3728e(c).

*Trust Funds* - distributed funds identified as belonging in specific amounts to each individual client (unless otherwise specifically identified).

*Benefit Funds* - undistributed funds belonging to an entire group (communally) without specific allocation to individual members of the group (unless otherwise specifically identified).

Moneys in any Check Cashing Change Fund are restricted specifically to the cashing of checks or approved Trust Fund withdrawal requests initiated by or made payable to a client (patient or inmate) of the institution. Such funds are not to be used for employee check cashing or loan purposes or for petty cash.

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Generally accepted accounting principles regarding internal controls should be practiced to the fullest feasible extent. This can be accomplished by appointing different persons to perform the various functions of cashiering, accounting, auditing, or safekeeping of the fund.

Other Policy and Procedure Manual References:

Change Funds are discussed in PPM filing 9,100.

Petty Cash Funds are discussed in PPM filing 10,752.

Imprest Funds are discussed in PPM filing 10,802.

Trust Funds are discussed in PPM filing 10,852.

## **PROCEDURES**

### **Responsibility**

### **Action Step**

Agency

1. Prepare form DA-74A, "Application to Establish Check Cashing Change Fund."
2. Appoint a custodian, alternate custodian, supervising employee, auditor, and any others needed. Notify the Division of Accounts and Reports promptly whenever substitution appointments are made.
3. Send two copies of the application form DA-74A to the Division of Accounts and Reports.

Accounts and  
Reports

4. Review form DA-74A and approve or disapprove as appropriate.
5. Return the original application to the agency.
6. Maintain file of approved DA-74A forms to monitor the existence of all such funds outstanding by agency.

Agency

7. Upon receipt of the approved form DA-74A, prepare a check on the appropriate Benefit Fund, payable to the

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“Custodian of the Check Cashing Change Fund” in the amount approved.

8. Cash the check and exercise the security described in the application.
9. Cash checks as presented by inmates, patients, students, or other members of the institution, excluding employees. (The member of the institution must be the maker or final endorser of every check cashed.)
10. Weekly, and more often if necessary, endorse and cash all checks on hand in the Check Cashing Change Fund at the custodial bank of the Benefit Fund and return the cash to the safekeeping of the custodian. Fully restore the fund in cash on June 30 each year.
11. On the last day of each month, the auditor named in the application should prepare form DA-75A, “Reconciliation of Check Cashing Change Fund.” This reconciliation should be maintained at the agency and available for review by the Division of Accounts and Reports upon request.
12. When a check is returned by the bank as uncollectible, pay the bank cash for it. Until settlement is accomplished, carry the value of the check in the lower section of the reconciliation.
13. If the maker or endorser of the returned check is still a client of the institution, attempt collection directly. Such effort can include the transfer of funds from an individual Trust Fund if one exists.
14. If the maker or endorser of the returned check is no longer a client, make extensive effort by personal contact, telephone, or mail, as appropriate, to effect collection. PPM filing 8,001, Management of Receivables, describes minimum collection procedures required.

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15. When the minimum collection procedures referred to in Action Step 14 have been exhausted, the returned check should be liquidated by writing a check on the parent Benefit Fund payable to the Check Cashing Change Fund. When the check is cashed, give the cash to the custodian for safekeeping. Attach the returned check to the voucher copy of the check on the Benefit Fund for audit identification.
16. When the Check Cashing Change Fund is no longer needed, convert all checks on hand to cash as described in Action Step 10. Deposit the entire cash sum back into the parent Benefit Fund from which it came.
17. Prepare a final reconciliation showing the total amount returned to the Benefit Fund and send the original report to the Audit Services Team of the Division of Accounts and Reports.

## **CONTACT SOURCES**

Questions regarding check cashing change funds should be directed to:

Division of Accounts and Reports  
Central Accounting Services Section  
Audit Services Team